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RAILWAY DEPARTMENTS FOR THE RELIEF AND INSURANCE OF EMPLOYEES.

Employees' relief departments have been established in connection with five large railway systems of the United States. These organizations have been instituted for the purpose of furnishing railway employees with relief in case of accident or sickness, with a superannuation allowance for protection against want in old age, and with an insurance fund for the benefit of dependent beneficiaries.

The relief department is one of the many agencies that have been called into being to assist in the solution of the labor problem. The permanent betterment of the laboring classes is a many-sided and complex problem, involving nothing less than their industrial independence. This is something that can be attained only as the result of the inculcation of such ideals in individual life and the establishment of such social forces as preclude the possibility of the degradation of any considerable class of men to a condition of dependency. Associations of railway employees for purposes of relief and insurance represent one of the many ways in which these social classes are striving by individual and united effort to improve their material condition. The savings which wage-earners have made by means of these and the numerous other organizations in which they have invested are large and increasing. This is the brightest side of the labor movement, and has frequently been investigated by students of social progress.

This paper is concerned with only one class of laborers, railway employees, and with but one of the several kinds of provident associations in which they have membership. Railway corporations have established their relief departments to assist and supplement the provident efforts of their employees. Railway companies have doubtless been influenced by certain other motives to which reference will be made directly; nevertheless the railway relief departments are organizations representing an attempt on the part of the

employers and the employed to co-operate, for the benefit of each party, in the work of providing the employees with a good system of relief, superannuation and life insurance.

Railway employes are a class of men whose industrial importance is known of all. There are in the United States nearly a million such laborers and upon them three millions or more other persons are dependent for a livelihood. They are our largest single class of workingmen, they do a service upon whose efficient performance social welfare and progress are vitally dependent; hence, whatever makes for the prosperity, contentment, and productive capabilities of these men is closely connected with the well-being of society as a whole. As the Interstate Commerce Commission says, "The prosperity of railway corporations and the safety and usefulness of the service performed by them is largely connected with the condition of their employes, and it is therefore not only natural that public interest in such condition should be largely enlisted on humanitarian grounds, but that it should also receive the attention of public authorities because of its being a matter of public concern."* The public has ample reason for desiring to see railway employes able to avail themselves generally of adequate measures of relief and insurance.

Motives Which Prompted the Establishment of Relief Departments.

In promoting the relief and insurance of railway laborers the two parties most directly interested, the employes and the companies, were impelled by dissimilar motives. The employe is engaged in an especially dangerous occupation † that makes him desire the assurance of material assistance

* Third Annual Report, p. 102.

† Mr. J. A. Anderson, Superintendent of the Relief Department of the Pennsylvania Railroad, does not agree with the opinion usually held regarding the dangerous character of railway service. He says: "I do not think this is sufficiently proved to warrant so frequent assertion as it gets. If the percentage of accidents occurring among other classes of men in mechanical work were ascertained it might change the aspect of things. The fact that the railway man and his work and what happens to him are so prominently before the public, may have something to do with the popular estimate of his occupation."

for himself or his family in time of need. Moreover, "railroad men are proverbially improvident as a class," and find it difficult to lay by any considerable portion of their wages except by submitting themselves to some such semi-compulsory arrangement as regularly recurring assessments impose. Railway employes are a well-paid class of laborers, but their savings are comparatively small. The itinerant life which a large part of them leads militates against economical living. The wages many of them receive are a variable quantity, being large when the business of the railroads is active and much reduced, or temporarily cut off, during the seasons of inactivity. Outside of the administrative branches of the railway service the conditions of employment are not conducive to personal economy. The reasons, therefore, in favor of insurance are cogent as viewed from the standpoint of the employes.

The motives which prompt a railway company to wish its employes insured are partly philanthropic. Without denying that railway corporations are organized and managed for the profits they yield their owners and officers, it may still be held true that the men who control these corporations are not without a touch of that spirit of altruism so characteristic of the age in which we live. The managers and directors of the corporations, it is true, have been so slow about introducing devices to lessen the dangers besetting the pathway of their employes, that the public has had to compel them to act more rapidly by means of forceful legislation; nevertheless some railway corporations have anticipated legislation with provisions for the safety of their workmen, and, without the pressure of law, have voluntarily established institutions to promote the material and ethical well-being of their employes. To ascribe these actions of railway managers and shareholders entirely to selfishness would be to treat these men unfairly.

It is not, however, to be denied that the chief impelling force that has inclined the railway managements to favor the

establishment of relief departments designed to promote the welfare of railway operatives has been the conviction that the money thus expended by the corporation would prove a good financial investment. The directors of some railway corporations have convinced the shareholders that it does not pay, even when the matter is viewed from a strictly business standpoint, to connect the laborers to their employing company merely by the payment of current wages. It has been shown to be for the greater good of the company to identify its own and its employees' interests to the fullest extent possible, in order thereby to cultivate a spirit of loyalty strong enough not only to prevent strikes, but also to prompt men to give the highest grade of service of which they are capable.

It is claimed, though the claim is founded upon error, that railway corporations may derive material benefit from the establishment of a relief department, because they thereby free themselves of part of their legal liabilities.* The regulations of all relief departments require the members upon joining to agree that the acceptance of benefits from the relief fund for injury or death shall operate as a release of all claims for damages against the employing company, arising from such injury or death, which could be made by or through the person accepting the benefits. The railroads have always insisted upon this exemption from legal liabilities, because the companies defray the department's operating expenses, contribute to its funds, and guarantee the payment of benefits promised. The justice of the companies' contention will be considered later.

The Different Organizations in Which Railway Employees Can Obtain Relief or Insurance.

There are three systems of insurance of which railway employes can avail themselves. (1) They may obtain membership in accident or life insurance companies. These are

* See p. 99 for a discussion of this question.

companies independent of railway corporations or employees' associations, and are organized either on the mutual plan or as stock companies. (2) Railway laborers may secure relief and insurance by means of membership in some one of the many associations or brotherhoods open to the different classes of railroad workmen. (3) They may join a relief department established and partly maintained by their employing railway corporation and administered jointly by the members of the department and the company, provided, of course, the laborer is in the employ of a company having a relief department.

Besides these three general methods of obtaining relief, mention is also to be made of the less adequate arrangements whereby companies frequently unite with their employees in affording assistance of a more temporary character. Several roads maintain hospitals for the benefit of their employees. Some of these roads require the operatives to assist in supporting such institutions, others do not. Many companies provide their force with free surgical attendance, and others contribute something to the associations formed by the employees to furnish relief, and it is customary for railway managers, when possible, to provide partially disabled men, or those grown old in service, with a kind of employment in which they are capable of serving. Contributions to relieve the needy are frequently subscribed to by individuals and corporations. Most companies, however, do not systematically assist their servants in providing themselves with insurance and relief.*

At present the method of obtaining relief and insurance by means of employees' associations having no connection with the company is the one most in vogue among railroad men. These associations are of two kinds. In some cases the employees of a single road organize and establish a relief

* In 1889, the Interstate Commerce Commission investigated the relations of railway corporations and their employees. Consult the Third Annual Report of the Commission, pp. 102-104 and 341-390, for a full statement of the relief and insurance work then being done by the employees and by the railway companies.

and insurance organization, but more frequently the assistance desired is secured by membership in the larger associations such as the International Brotherhood of Locomotive Engineers,* the Order of Railway Conductors of America, and other similar organizations. It would be out of place in this paper on relief departments to enter into the history of the development of this form of mutual relief and insurance work. It has grown with the progress of the organization of railway laborers. The insurance work of these associations constitutes an important and beneficial feature of their activity. The results accomplished in the alleviation of suffering are well known. It is, however, only the third system of railway employes' relief and insurance, the railway relief departments, their history, plan of organization, results accomplished, their weak points, and elements of strength that this paper can undertake to discuss.

The History of Relief Departments.

The first railroad company in the United States to establish an organization for the administration of an employes' relief fund was the Baltimore and Ohio, whose organized relief work dates from May 1, 1880. The man to whose instrumentality the establishment of the association was chiefly due was Dr. W. T. Barnard, of Baltimore, a man actuated by a strong desire to bring about a better relationship between the railway companies and their employes.† May 3, 1882, the Baltimore and Ohio Company's organization was incorporated by the State of Maryland under the name of "The Baltimore and Ohio Employes' Relief Association."

* The Report of the International Brotherhood of Locomotive Engineers for 1892-93 shows the membership of that society to have been 34,000 at that time, the number of divisions in the Brotherhood being 527. The Brotherhood of Railroad Trainmen, July 1, 1895, had 556 subordinate lodges, with a combined membership of over 24,000. July 1, 1895, the Order of Railway Conductors had 370 subordinate divisions, with a membership of 20,500.

† Consult Dr. Barnard's pamphlet on "The Relation of Railway Managers and Employes."

The idea of a relief association antedated 1880. According to Mr. J. A. Anderson, Superintendent of the Pennsylvania Railroad Relief Department, the employes of that road had as early as 1876 expressed a desire that the company should provide some plan of this kind.* Thereafter the matter was taken up from time to time by that company, although without success until 1886. In England, indeed, the railroad companies had been organizing relief associations since 1850. In Canada, the Grand Trunk Railway organized an employes' Accident Insurance Association in 1873, and the plan adopted by the Baltimore and Ohio Railroad was worked out by Dr. Barnard after he had made a thorough examination of benevolent railway organizations in Continental Europe, Great Britain and Canada.†

Foreign railway companies, the Canadian included, make membership in their relief associations compulsory upon their employes. The Baltimore and Ohio adopted that feature of the plan. This gave rise to much hostile criticism. The opposition thus aroused doubtless proved fortunate for the new association by calling more general attention to the plan. As Dr. Barnard says, "It forced those to examine its provisions who would otherwise have passed them by with indifference."

In 1888, the State of Maryland withdrew the charter of

* See "Remarks on the Relief Plan of the Pennsylvania Railroad." 1887.

† For a brief account of the relief associations of the London and Northwestern Railway, consult "The Working and Management of an English Railway," by Findlay, pp. 28-37. This road established a "Superannuation Fund Association," in 1853, for the benefit of salaried officers and clerks; an "Insurance Society," 1871, to provide members of the wages staff (excepting those in the running department) with relief in case of accident and with life insurance; a "Provident Society," 1874, for giving assistance to the wages staff, with the above exception, in ordinary sickness; and the "Pension Fund," also for the wages staff. The men in the running department have two separate organizations. In all cases the company and employes contribute equal sums. The Provident Society and the Pension Fund were consolidated in 1890.

For a general discussion of the superannuation of railway employes, consult an address on that subject in the volume containing the "Addresses Delivered Before the World's Railway Commerce Congress, Chicago, June 19-23, 1893." The address was made by L. J. Sargeant, General Manager of the Grand Trunk Railway of Canada, and President of the Chicago and Grand Trunk Railway.

the Baltimore and Ohio Employees' Relief Association; but the railroad company at once organized a relief department which on March 15, 1889, accepted the assets of the "association," assumed its liabilities and agreed to pay the benefits that had been promised by the association, whether the persons having claims upon such benefits should or should not join the relief department. However, most of the members of the relief association, 19,467 out of 20,626, at once voluntarily entered the new department. Membership in the relief department was compulsory; *i. e.*, all persons entering the permanent service of the company subsequent to the establishment of the department have been required to join the department as a condition of employment.

At the beginning of 1886, the Pennsylvania Railroad Company organized a relief department, membership in which was made voluntary on the part of the employees. The man who did most to bring about the establishment of this department was Mr. J. A. Anderson, of Trenton, N. J., the department's present superintendent. He drew up the plan which the company adopted; he has stoutly defended it against its opponents, and has efficiently managed its affairs from the beginning.

It is to be noted that the organization established by the Baltimore and Ohio was operated as an association of the employes and not as a regular department of the company's service. Mr. Anderson saw the weakness of the association plan and advised the department arrangement. The establishment of a relief department by the Pennsylvania Railroad was a new departure. When the Baltimore and Ohio relief department took the place of the association, the plans worked out by Mr. Anderson were largely followed in the organization of the "relief feature" of the department.

There are a good many individual roads included in the five large systems having relief departments. All the lines of the Baltimore and Ohio system are associated in its relief

organization. The Pennsylvania's department includes five companies, the Pennsylvania Railroad (lines east of Pittsburgh and Erie), the Northern Central, the West Jersey, the Philadelphia, Wilmington and Baltimore, and the Camden and Atlantic. The three other railway systems having relief departments are the Reading; the Chicago, Burlington and Quincy, and the Pennsylvania lines west of Pittsburgh and Erie.

The Chicago, Burlington and Quincy organized its department March 15, 1889. In 1889, Mr. E. P. Ripley, who was at that time general manager of the Chicago, Burlington and Quincy, reported to the Interstate Commerce Commission that "the object of the company in establishing a relief department was to enable its employes to make provision for themselves and families at the least possible cost to them in the event of sickness, accident or death. The company has established this department not only because it has the interest of its employes at heart, but because it believes that the department will serve to retain and attract a good class of employes, lessen the amount of discontent caused by improvidence, diminish the amount of litigation in cases of accident, and increase the good will of the employes toward the company and their confidence in the good-will of the company towards them." *

It adopted Mr. Anderson's plan with important modifications to be noted later. The employes of the following Burlington roads are associated in the department established by that system: the Chicago, Burlington and Quincy (including the Burlington and Missouri); the Hannibal and St. Joseph; the Kansas City, St. Joseph and Council Bluffs; the St. Louis, Keokuk and Northwestern; the Chicago, Burlington and Kansas City, and the Chicago, Burlington and Northern.

Membership in the Philadelphia and Reading Relief Association embraces all classes of permanent employes in all

* Third Annual Report of the Interstate Commerce Commission, p. 349.

departments of the service of the company, including its affiliated, controlled, and leased lines. The Reading, like the Baltimore and Ohio, makes membership compulsory upon employes; joining the association being one of the conditions of permanent employment. The association was established October 30, 1888, in Reading, Pa., at a meeting of the representatives of the employes of the various divisions and departments of the company's service.

The Pennsylvania lines west of Pittsburgh and Erie established a voluntary relief department April 16, 1889, the associated roads being the Pittsburgh, Cincinnati, Chicago and St. Louis,* and the Pennsylvania Company. The department was modeled after that of the Pennsylvania Railroad Company.

These five railway systems are the only ones in the United States having relief departments of the kind under discussion in this paper. Other railroads, notably the Northern Pacific and the Lehigh Valley, maintain relief funds somewhat similar in nature to those managed by these relief departments. The Grand Trunk Railway of Canada organized an Insurance and Provident Society in 1873, and since 1874 has assisted its employes in maintaining and administering a superannuation fund. Reference will be made further on to the relief work of these three systems, but it will be best to defer this until an outline has been given of the organization and operation of relief departments proper.†

* The Pittsburgh, Cincinnati, Chicago and St. Louis Railway Company was formed October 1, 1890, by the consolidation of two roads, The Pittsburgh, Cincinnati, and St. Louis and The Chicago, St. Louis and Pittsburgh.

† On page 84 an outline of the Grand Trunk Railway Superannuation Fund is given. The Grand Trunk also has an "Insurance and Provident Society," which its permanent employes are obliged to join. This organization, which had 12,629 members December 31, 1894, affords accident and sickness relief and life insurance, according to methods somewhat different from those employed by the relief departments of the railroads of the United States. It has been thought best to confine this paper to a discussion of the relief departments of the railroads of the United States, and to a comparison of methods employed by them and results which they have attained.

The Plan of Organization.

The relief departments established by the Baltimore and Ohio and the Pennsylvania Railroad Company have served as models for the relief organizations subsequently established by other American companies. An outline of the plans of these two departments will cover the essential features of those connected with the three other railway systems under consideration. Reference will be made to the chief features in which the plans of the other companies differ from the plans of these two departments.

In general, a voluntary relief department is an organization, managed conjointly by representatives of one or more railway companies and the employes, and established for the purpose of enabling such of the employes as may choose to do so to contribute certain sums from their monthly wages toward a fund administered by the organization for the mutual benefit of its members. The benefits derived from membership in a relief association are proportioned to amounts paid in. Members receive aid in case of sickness or accident, and, at their death, their families or other beneficiaries are paid definite amounts. The plan of the Baltimore and Ohio's relief department is more comprehensive than those of the four other railroad systems. It organizes the work into three parts, called the "relief feature," "savings feature," and "pension feature." The "relief feature" covers the work done by the relief departments of the other railway systems.

Described more in detail the plan of the Pennsylvania Railroad Voluntary Relief Department is as follows: Any employe not over forty-five years of age may become a member upon passing a satisfactory physical examination. The department derives its funds mainly from the contributions of its members, the expenses of management and administration being borne by the railway companies. The associated companies contribute in four ways: (1) They establish and maintain the relief department as a part of

their service. (2) The companies' entire organization co-operates with the department to assist it in conducting its business. (3) The companies accept and administer the funds of the relief department as trustees and pay interest on the money held in trust. (4) The companies guarantee the payment of all benefits promised and agree to make good any deficiency that may exist in the fund at the end of each period of three years.*

The monthly contributions of the employes range from seventy-five cents to six dollars and seventy-five cents, according to the wages class to which the contributor belongs, and the amount of the death benefit to which he is entitled. The members are divided, according to wages received, into five classes, but any member not over forty-five (or, in case of an employe of the Baltimore and Ohio, not over fifty) years of age, who has been continuously in the company's service for five years, may, upon passing a

CLASSIFICATION AND CONTRIBUTIONS OF MEMBERS OF THE PENNSYLVANIA RAILROAD VOLUNTARY RELIEF DEPARTMENT.

CLASS.	Wages per month.†	Payments per month.
First	Not more than \$40.00	\$.75
Second	Between \$40.00 and \$60.00	1.50
Third	Between \$60.00 and \$80.00	2.25
Fourth	Between \$80.00 and \$100.00	3.00
Fifth	More than \$100.00	3.75

* The Philadelphia and Reading does not guarantee the payment of benefits and deficiencies. It, however, contributed to the extent of ten per cent of the payments of the members of the relief association until the members and company had together paid in \$1,000,000. Since then the company has regularly contributed five per cent, as much as the members. The Baltimore and Ohio gives six thousand dollars a year for the support of the "relief feature," and two thousand five hundred dollars annually to cover the expense of the physical examination of employes. The relief department of this company also has a "pension feature," for the support of which the company annually appropriates twenty-five thousand dollars. If the "relief feature" does not need any or all of the six thousand dollars apportioned to it, the part not needed is turned over to the "pension feature."

† The Burlington's first class consists of those receiving not more than thirty-five dollars a month. A difference of twenty dollars a month in wages is made the basis of classification,—the points of division therefore occur at \$35.00, \$55.00,

satisfactory physical examination, enter a higher class than that to which his wages entitle him. The above table shows the classes into which the members of the Pennsylvania Railroad's relief department are separated and gives the contributions made by the several classes.

Members contributing to the relief fund are entitled to free surgical attendance (or in the case of the Baltimore and Ohio free hospital service) during a disability due to an accident received in the service of the company, and to benefits in case of accident, sickness, or death.* Members are not obliged to make contributions during the continuance of a disability entitling them to benefits. If the incapacity, due to sickness, lasts more than fifty-two weeks contributions for the death benefits must be renewed. The following tables indicate the benefits which may be claimed by each class of members of the relief departments of the Baltimore and Ohio and the Pennsylvania Railroad Company. The Baltimore and Ohio, it is to be noted, separates its members first

CLASSES, CONTRIBUTIONS AND BENEFITS. BALTIMORE AND OHIO
RELIEF DEPARTMENT.

SUB-CLASS.	Monthly Payments.		Disablement benefits, per day, not including Sundays and legal holidays.			Death Benefits.		
	First Class.	Second Class.	For accident while on duty.		For sickness, during first 52 weeks, not including first six working days.	Death from accident	Death from sickness.	
			First 26 weeks.	Thereafter until recovery.			Ordinary.	Maximum.
A .	\$1 00	\$ 75	\$ 50	\$ 25	\$ 50	\$ 500	\$ 250	\$1250
B .	2 00	1 50	1 00	50	1 00	1000	500	1250
C .	3 00	2 25	1 50	75	1 50	1500	750	1250
D .	4 00	3 00	2 00	1 00	2 00	2000	1000	1250
E .	5 00	3 75	2 50	1 25	2 50	2500	1250	1250

\$75.00 and \$95.00. The wage classes of the Baltimore and Ohio are, Class A, not over \$35.00 a month; Class B, not over \$50.00; Class C, not over \$75.00; Class D, not over \$100.00, and Class E, over \$100.00 a month.

* The Burlington department gives free surgical attendance wherever the accident occurs. It is thus more liberal than the others.

**BENEFITS PAYABLE TO MEMBERS OF THE PENNSYLVANIA RAILROAD
VOLUNTARY RELIEF ASSOCIATION.**

WAGES CLASS.	Disablement benefits per diem.				Death benefits.	
	For accident while on duty.		For sickness or accident while off duty.		Ordinary.	Maximum.
	First 52 weeks.	Thereafter until recovery.	First 52 weeks, excepting first three days.	Thereafter until recovery.		
First .	\$ 50	\$ 25	\$ 40	\$ 20	\$250	\$500
Second	1 00	50	80	40	500	1000
Third	1 50	75	1 20	60	750	1500
Fourth	2 00	1 00	1 60	80	1000	2000
Fifth .	2 50	1 25	2 00	1 00	1250	2500

into two general classes and then subdivides each of these into five classes. The first general class consists of those operating the trains or the rolling stock, the second general class includes all other employees.

Two things in the foregoing tables require explanation. Both departments afford relief to members who are permanently disabled by accident received in the service of the companies, the benefits being paid by the Pennsylvania Railroad relief department at full rate for fifty-two weeks, and at half rate thereafter. The Burlington Railroad and the Pennsylvania lines west of Pittsburgh and Erie have the same regulation. The Baltimore and Ohio pays the full benefit for twenty-six weeks. None of the departments made provision at the beginning for aiding members whose sickness or accident, received while off duty, incapacitated for work during a longer period than fifty-two weeks. The regulations of the Baltimore and Ohio department provide that if at any time the funds raised for the payment of superannuation annuities should exceed the amount required for that purpose, the excess may be used in aiding those members most deserving and most in need of help. The assistance of members continuing sick for more than a year was contemplated in this regulation, and "quite a

number have been benefited thereby," according to Superintendent Barr, "although at this time the fund applicable for this purpose is not sufficient to provide for this class.*

The Pennsylvania Railroad Companies saw that the members of their relief department continuing sick for more than fifty-two weeks were undergoing a hardship, and the boards of directors of the associated companies decided October 1, 1887, that the companies themselves would give aid to this class of persons. According to the resolution then adopted each case of sickness is to be investigated by the superintendent of the department, and then reported upon by the general manager of the railroad company to the board of directors of the company employing the person receiving aid. Pending the investigation and the action of the board the sick person receives a daily benefit of one-half the sum granted him during the first fifty-two weeks, after which he obtains "such amount as the company may authorize to be paid, based upon the member's classification in the relief fund, and the length of his faithful service with the company."

Such payments as these on the part of a railway company to those whose disablement from sickness or accident, while not on duty, continues beyond the period during which aid may be obtained from the relief fund are tantamount to pensions paid by the company. By this method these pensions are not granted in definitely predetermined amounts, but are given by special action of a board of directors taken upon the recommendation of an officer who has investigated a particular case, but the grants are none the less of the nature of pensions.†

* Quoted from a letter written August 21, 1895.

† The companies associated in the Pennsylvania Railroad Voluntary Relief Department paid, during the last fiscal year, \$31,627.60 to relieve employes whose disablement had lasted more than fifty-two weeks. The Pennsylvania lines west of Pittsburgh and Erie follow the same plan. Their last year's payment, under the head of "company relief" was \$4716.90. The Burlington and Reading Companies gave no money aid to such persons, but the Reading Association gave \$6800. The Baltimore and Ohio Railroad has an organized system of pensioning, described on page 85.

The Baltimore and Ohio has a pension feature as a regular part of its relief department, by means of which the superannuated are given aid. Other roads are doing something to provide for their superannuated employees. The subjects of pensions and superannuations are of such importance that the discussion of them will be given under a special heading.

In the above tables two kinds of death benefits are noted, ordinary and maximum. The former are those to which a member is entitled by virtue of having made the ordinary payments of the wages class to which he belongs. Any person may increase his monthly payments and thus secure the right to additional death benefits. For a member of the Pennsylvania Railroad Company's relief department, the extra monthly rates payable in order to secure each additional death benefit of \$250 is thirty cents for members not over forty-five years of age, forty-five cents for those over forty-five, but not more than sixty years of age, and sixty cents for those over sixty years. Additional natural death benefits are obtainable by members of the Baltimore and Ohio department to the amounts indicated in the table. The member taking additional death benefits must be under fifty years and must pass a physical examination. He contributes twenty-five cents a month for each additional \$250 of benefits.

In general, membership in a relief department is lost by any person upon leaving or being dismissed from the employment of the company upon whose relief fund he had claim. The Burlington system and the Baltimore and Ohio allow an employe to keep up the death benefit feature of his membership in the relief department after permanent honorable dismissal from the company's service; the Burlington allows the continuance of the minimum death benefit to which the employe has been entitled during his last year of service, and the Baltimore and Ohio permits the maintenance of the former member's natural death benefit.

To guard against the forfeiture of rights in case of a tem-

porary interruption of work, any member who is furloughed or suspended, but not dismissed, may keep up his membership for several months* by paying his contributions† in advance for each month, and in other respects complying with the regulations. Any such member loses his standing if he fails to make his contribution for three (*one*, according to the Baltimore and Ohio) successive calendar months. This is a regulation which has given rise to much criticism. It would hardly seem possible for such a rule not to work occasional hardships. Discussion of it, however, is reserved to be given in another connection.

The general supervision of the Pennsylvania Railroad relief department is vested in an advisory committee, consisting of the general manager of the Pennsylvania Railroad Company, *ex officio* member and chairman,‡ and twelve others, six of whom are elected by the contributing employes "from among themselves." The other six are chosen by the boards of directors of the associated companies. The officers of the department are the superintendent and assistant superintendent, appointed by the Board of Directors. The superintendent is secretary of the committee and the real manager of the department. He decides administrative questions and has general charge of all business matters, including the employment of the necessary medical and clerical forces, his actions being subject to the general manager's approval.

* Nine months in case of the Pennsylvania Railroad Company, six months on the Baltimore and Ohio system, and "for a specified time" on the Burlington lines.

† The Baltimore and Ohio requires the payment of ordinary death benefits only.

‡ There are two advisory committees for the Baltimore and Ohio Railroad, one for the lines east of the Ohio River and one for the lines west. These bodies report to a general "committee on relief department" of four members, one of whom is the president of the company. The Pennsylvania system has two relief departments, one for lines east and one for lines west of Pittsburgh and Erie; but these are independent of each other, having no common committee over them. The chairman of the Reading's advisory committee is the first vice-president of the company. In all cases except the Reading the members of the advisory committee other than the chairman, consist of an equal number of representatives from the employes and from the companies. The Reading employes choose eight out of the fourteen elected members.

Although this paper is restricted to a discussion of the relief work of railway companies of the United States having regularly organized "relief departments," reference ought to be made to the Relief Fund of the Lehigh Valley Railroad Company and Associated Companies. This fund is maintained to provide employes with relief in case of accident and to assist the families of those killed in the service of the company. The company and subscribing employes contribute equal amounts to the maintenance of the fund. The contributions of the employes are made upon a call issued by the company from time to time, and are entirely voluntary on the part of each person. The subscriptions to each call are a day's wages or less, the amount not to exceed three dollars. Any contributor to the fund who receives an accident while performing a service for the company is entitled to receive for each working day of his disability a benefit equal to three-fourths of his last contribution; the maximum benefit period being nine months. If an accident causes the loss of a limb the contributor is provided with an artificial limb. If death results from an accident his family receives fifty dollars to cover the funeral, or other immediate, expenses. His widow, if she remains unmarried, receives for two years, in monthly payments, an allowance for every working day, at the daily rate of three-fourths the amount of the deceased employe's last contribution. If the deceased leaves no widow the benefit may be claimed by his children under sixteen years of age; if there be no children of that age the employe's mother, father, and brothers and sisters under sixteen years of age may make claim in turn. The company manages the fund and refuses to consider itself bound to aid any employe who does not make contributions to the fund.

The thirty-seventh call was made June 1, 1895. The relief work accomplished by means of the fund is indicated by the following condensed statement of receipts and disbursements between March 31, 1894, and March 1, 1895,

a period of eleven months. Two calls were made during that time.

Balance on hand, March 31, 1894,	\$3,362.63
Amount contributed by employes, 34th Call (4229 contributors)	7,795.03
Amount contributed by Company, 34th Call, . . .	7,795.03
Amount contributed by employes, 35th Call (4765 contributors)	8,789.55
Amount contributed by Company, 35th Call, . . .	8,789.55
	<hr/>
	\$36,531.79
Benefits paid	34,926.54
	<hr/>
Balance, March 1, 1895,	\$1,605.25

The Northern Pacific Railroad has a system of organized relief, managed by the Northern Pacific Beneficial Association, of which the general manager of the road is president. As concisely described by its president this association "provides a regular system of medical attendance, applying alike to both sickness and injury, also a daily allowance of fifty cents during the time of actual disability, and a small death allowance to cover burial expenses in case of death. The fund is maintained by a monthly assessment of all employes on a fifty cents per capita basis, the fund thus raised being held by the assistant treasurer of the railway company, and is administered by the secretary of the association under the direction of the president in connection with an executive committee from the general officers of the company." *

The Pension and Superannuation Feature.

Reference was made on page 79 to the pension feature of relief departments. All of the roads under discussion provide in the regulations governing their relief departments for giving aid to disabled members for at least fifty-two weeks. Besides this the pensioning of employes permanently disabled by accident incurred while on duty is provided for. No

* Third Annual Report Interstate Commerce Commission, p. 371.

system of relief, however, can be considered complete unless it makes provision for employes whom sickness or old age permanently disqualifies for labor. Every effort which employes may put forth on their own part to make provision against suffering in case misfortune or old age shall have rendered them incapable of earning a livelihood ought to be encouraged and helped on by the railway companies. But the duty of the company does not end here. It is only humanitarian for the company to help its employes to maintain the fund necessary to pension those faithful employes who have become permanently disabled in the honest discharge of duty.

But quite aside from any humanitarian motives, the advantage a wise plan of pensioning employes brings to a railway company in the increased efficiency of its staff justifies the company in aiding their employes in maintaining a pension fund. Pensioning employes gives good servants greater inducement to remain in the service; it tends to make workmen and officials more faithful and efficient, and makes it possible for a company to retire its old servants from its service in such a way as not to reduce them to disgraceful dependence when age shall have rendered them incapable of doing their work well. Whether or not it most promotes the employe's best interests for the company to bear all the expenses of the pension fund is, perhaps, an open question. Nothing ought to be done to lessen the employe's sense of personal responsibility, or in any way to undermine his feelings of industrial independence, or his pride in the same. Co-operation in sharing the burdens meets the demands of justice, and does nothing to weaken the providence and forethought of laborers—qualities of character upon which the future progress of workingmen greatly depends.

The justice and wisdom of pensions for railway employes are generally recognized in foreign countries, and not only in France and Germany, where the connection of the state with the railroads has been especially close, but in England

as well, where the construction and operation of the means of transportation have always been individual enterprises. Most English companies require employes to turn a portion of their wages into a pension and superannuation fund, toward which the company usually contributes an equal amount. Usually, but not always, salaried officers and clerks contribute to a different pension fund than other employes do.

The Grand Trunk Railway of Canada adopted the English plan in part, and October 1, 1874, established a superannuation and provident fund. In view of the importance of superannuations, and of the fact that they are not provided for by the relief plans of four of the five American railway systems under consideration, reference to the superannuation fund of the Grand Trunk Railway may well be made here. The employes eligible to membership are those under thirty-seven years of age holding the position of a salaried officer, clerk, passenger or freight agent, telegraph operator, road master, inspector in any department, and foreman in the mechanical department. Membership was made optional for those in the employment of the company at the time of the inauguration of the plan. All employes in the above category, taken into the service since October 1, 1874, have been obliged, if their annual salary equaled \$400 or more, to contribute to the superannuation fund. The contribution required is two and one-half per cent of wages. The company gives a like amount.

A member may retire upon reaching fifty-five years of age, or at any time thereafter, and receive annually for the remainder of his life a sum equal to one-sixtieth of the salary obtained on retirement multiplied by the number of years he had been a contributor to the fund.* If death occurs before the member begins to receive a superannuation allowance, his

* Thus if the salary at retirement was \$900 a year, and he had been a contributor twenty-five years, he would receive $(25 \times \$15 =)$ \$375 a year. The maximum amount which he can receive is two-thirds the average salary paid to him during the years he has been contributing.

widow or dependent relatives receive a sum equal to the amount of his payments up to the time of his death. If disablement occurs ten years after joining the association the member is granted an annuity whose amount is determined by the committee of management. Members who are honorably discharged from the service of the company receive back half their contributions. Employees resigning the service of the company, after having been members of the association for five years, also receive back one-half their contributions. Any person disabled before he has been a member for five years is paid half the contributions he has made. The committee of management consists of twelve persons, eight of whom are officers of the company. The members of the association elect only four of the representatives.*

The Baltimore and Ohio is the only railroad in the United States whose relief department has a regularly organized system of pensions. Attention was called above to the fact that each company, excepting the Reading, makes provision in the regulations of its relief department for pensioning members permanently disabled and incapacitated for work by accident received while on service. The three "features" of the Baltimore and Ohio's department were also noted. The "pension feature" was established in order that superannuation annuities might be granted to men sixty-five years of age who have served the company ten consecutive years. The necessary funds are supplied entirely by the company, which annually contributes \$25,000 for this purpose.†

The benefits to which a pensioner of the Baltimore and

* The offices of the "Grand Trunk Railway Superannuation and Provident Fund Association," are in Montreal. The secretary is Mr. H. T. Tatum. The report of the secretary and a copy of the association's regulations were the sources of information in writing the above.

† This amount may also be augmented by the \$6000 yearly appropriated by the company toward the support of the relief feature, in case the funds of the relief feature do not require this extra appropriation. The pension fund has, as a fact, always received this appropriation.

Ohio relief department is entitled are one-half the first year's sickness allowance, varying from twenty-five cents a day, Sundays excluded, for a member of wages class A, to one dollar and twenty-five cents a day for a person in class E. Fifteen years of membership in the relief fund entitles the pensioner to five per cent, and twenty years of membership to ten per cent additional. The following table shows the exact amounts of pension guaranteed the several classes.

SUPERANNUATION BENEFITS, BALTIMORE AND OHIO RELIEF DEPARTMENT.

CLASS IN RELIEF FEATURE.	Daily rate, membership of four years or more.	Five per cent additional for membership of fifteen years.	Ten per cent additional, twenty years' membership.
A	\$ 25	\$ 26¼	\$ 27½
B	50	52½	55
C	75	78¾	82½
D	1 00	1 05	1 10
E	1 25	1 31¼	1 37½

With the exception of the Burlington the plans of the other railway systems having relief departments contemplate the inauguration of a pension and superannuation feature as soon as circumstances permit. Their regulations provide that any surplus existing at the close of each period of three years "shall be used in the promotion of a fund for the benefit of superannuated members, or in some other manner for the sole benefit of members of the relief fund as shall be determined by vote of two-thirds of the advisory committee and approved by the boards of directors of the associated companies."*

At the close of its last fiscal year, December 31, 1894, the Pennsylvania Railroad relief department had a surplus of \$273,750.95, which had been set aside as a foundation for a superannuation and pension fund. This sum is not con-

* The corresponding section of the Burlington's regulations does not contain any reference, such as this in the quotation, to a superannuation fund. As the operation of its relief department has thus far resulted in a deficit, the omission is not of great practical importance.

sidered sufficient to carry on the work contemplated. "The subject, however," says the last report of the department, "is receiving continued and earnest attention." The department connected with the Pennsylvania lines west of Pittsburgh and Erie has accumulated only a small surplus as yet; but the Reading relief association has a fund which amounted to \$314,704.89 on November 30, 1894, when the report was made.*

When the relief departments take the contemplated step of incorporating in their work the payment of pensions to members whom sickness or old age incapacitates for service, they will strengthen their organizations with an important element of usefulness. In aiding the employes in providing the necessary funds for the maintenance of this work the railway companies may most properly follow the example set by the English railroads or by the Baltimore and Ohio. The railway corporations at present contribute a considerable sum annually to aid unfortunate and aged employes. Were they to add nothing to the amounts now given, their expenditures would be more beneficially made were their contributions given to supplement a well-regulated pension and superannuation fund.

The Baltimore and Ohio superannuation feature is supported entirely by the company, but the benefits granted are comparatively small. Moreover, the reasons above referred to against granting pensions to employes without their having contributed toward the funds from which the pensions are paid make desirable the co-operation of the employes and companies in raising the amount of money necessary to carry on the work. When the other companies come to establish a pension feature they will do well to make the payments

*The Superintendent of the Philadelphia and Reading Relief Association, Mr. W. Hoffman, says in a letter dated June 12, 1895: "The payment of benefits to permanently disabled members, and pensions to superannuated employes, is a matter to be considered and adjusted whenever it is thought the surplus funds of the association, now amounting to nearly three hundred and twenty-five thousand dollars (\$325,000), will warrant it."

larger than the Baltimore and Ohio has made them, and require the employes to bear part of the expense.

The Savings Feature.

Two railway systems, the Baltimore and Ohio and the Pennsylvania companies east of Pittsburgh and Erie, manage a savings fund in the interests of their employes. The Baltimore and Ohio has made the savings fund a regular feature of its relief department, while the Pennsylvania Railroad Company has a distinct organization for the management of the money entrusted to it by the employes. The association of the savings feature with the relief department seems appropriate for logical reasons. The purposes underlying the establishment and maintenance of each are much the same. The savings fund enables the company to increase its means of aiding its employes to secure themselves and their dependent families against want. The only reason that could make it desirable for the board of directors of a railway company to separate the savings fund from the relief department must grow out of the problem of practical administration. For this reason reference is here made to the savings fund of the Pennsylvania Railroad Company, although it is not managed by the relief department. The plan of the Baltimore and Ohio will first be outlined.

The Baltimore and Ohio Railroad Company had two objects in view in the establishment of a savings fund: "To afford opportunity to employes and their near relatives to deposit savings and earn interest thereon, and enable employes only to borrow money at moderate rates of interest and on easy terms of repayment, for the purpose of acquiring or improving a homestead or freeing it from debt." The company guarantees the repayment of deposits and the payment of interest at the rate of at least four per cent per annum, unless changed by notice. If the net earnings of the savings fund exceed the guaranteed interest dividends may be declared; accordingly the depositors have regularly

received five per cent on their investments. During the fiscal year ending June 30, 1895, the depositors got five and one-half per cent.

The rules governing the savings fund give (1) "any employe of the company, his wife, child, father or mother, or the beneficiary of any deceased member of the relief feature" the privilege of depositing with the company any sum of money not less than one dollar and not more than \$100 in one day, for the repayment of which, with interest, the company becomes the guarantor. Any person ceasing to be employed by the company may continue a depositor if his balance is fifty dollars or more at the time of leaving. (2) "Any adult employe of the company, who is a member of the relief feature and has been continuously in the service not less than a year, may borrow from the funds of the savings feature sums not less than \$100, at the interest rate of six per cent per annum," payable monthly. It is, however, provided that every borrower must carry life insurance in the relief department equal to the sum loaned him; or, if the regulations of the relief feature prevent this, the borrower must hold a policy of equal amount in some regular life insurance company.

The only purpose for which money can be borrowed is for acquiring, improving, or releasing a lien, upon a home situated, except in large cities, within a mile of the railroad company's lines. No loan is paid directly to the borrower, but is applied to the payment of bills approved by him. The repayment* of loans is provided for by deductions from the

* The repayment of a loan of one thousand dollars is illustrated by the following statement:

Principal	\$1000 00	Interest second month	\$990 00
Interest first month	5 00		4 95
	<u>\$1005 00</u>		<u>\$994 95</u>
First payment	15 00	Second payment	15 00
	<u>\$990 00</u>		<u>\$979 95</u>

The loan would be repaid in about eighty-two months, the total interest paid being \$219.43.

monthly wages of the borrower of a dollar and fifty cents for each hundred dollars of the debt. If the borrower leaves the service of the company he must make the monthly payments at his own risk.

The plan of the Pennsylvania Railroad Company's saving fund differs from that of the Baltimore and Ohio in several particulars. The chief difference being that the Pennsylvania makes no provision for loaning money to employes. This robs the Pennsylvania's savings fund of the feature of most social importance, and makes it of less value than the Baltimore and Ohio's fund. Deposits may be made of sums, in even dollars, not exceeding \$100 a month. The privilege of depositing is limited to the period of employment in the service of the company. If a depositor's connection with the company be severed his accounts must be settled within thirty days.

The employes appreciate the privileges afforded by the savings feature. According to the report of June 30, 1894, the savings fund of the Baltimore and Ohio was in debt to the depositors to the amount of \$780,668.42. The outstanding loans to the employes were \$667,334.75. The deposits during the year were \$227,861.11; the amount loaned within the year, \$206,081.56. From August 1, 1882, when the savings fund was inaugurated, to June 30, 1894, the total deposits amounted to \$2,220,334.28, and the total sum loaned to employes equaled \$1,526,842.35. The money thus loaned was used upon houses—in building 813, buying 714, improving 159, and releasing liens on 329.

The report of the Pennsylvania Railroad Company, December 31, 1894, shows that 4112 employes of that road were depositors in its savings fund. The total amount of the fund on that date was \$1,354,748.33, and of this sum \$1,300,000 had "been securely invested in four per cent bonds." The company established the fund December, 1887.

The Results Accomplished by Railway Departments in the Relief and Insurance of Employees.

Having outlined the organization of the different branches of the relief department, and given statistics of the results accomplished in helping to provide pensions and superannuation payments, and in inaugurating and managing savings funds, it now remains to examine the nature and extent of the relief afforded employes by means of benefits paid in case of accident, sickness, or death. Most of the data required for this examination is contained in the annual reports of the five relief departments under consideration.

The companies associated in these five relief departments own or operate fully one-eighth of the total railway mileage of the United States, and include in their service about one-sixth of all the employes of the country. The following table shows what the membership of the several relief departments has been at the close of each fiscal year since organization:

YEAR.	Pennsylvania Railroad Co. End of fiscal year, December 31.	Pennsylvania Lines, West. End of fiscal year, June 30.	Philadelphia and Reading. End of fiscal year, November 30.	Baltimore and Ohio. End of fiscal year, June 30.	Chicago, Burling- ton and Quincy. End of fiscal year, December 31.	Totals.
1886	19,952	. . . .	. . . .	. . . .	. . . .	19,952
1887	18,744	. . . .	. . . .	. . . .	. . . .	18,744
1888	19,332	. . . .	. . . .	. . . .	. . . .	19,332
1889	21,457	. . . .	13,030	22,930	5,027	62,444
1890	24,984	12,168	14,596	22,313	9,407	83,468
1891	27,200	11,666	15,035	21,920	10,336	86,157
1892	31,640	11,391	15,216	19,894	12,283	90,424
1893	32,827	12,464	14,748	22,637	11,476	94,252
1894	33,405	11,463	15,160	20,479	11,768	92,275

The membership in the departments showed a steady increase until checked by the crisis of 1893 and 1894, which necessarily reduced the number of railway employes. The present total membership comprises somewhat over ten per

cent of the railway force of the United States. The Pennsylvania Railroad Company's department, October 1, 1894, had on its rolls fifty-one per cent of all the employes of the companies associated in that organization. In the Burlington's department 53.18 per cent of the employes are enrolled. As not all employes of these systems are eligible to membership in the relief departments the members constitute a much larger percentage of those who have the right to join than of the total number of men in the service. The Baltimore and Ohio and the Reading make membership in the relief department a condition of employment, thus the enrollment of their relief organizations includes nearly all their permanent working force. The total number of men employed by the Reading, November 30, 1894, was 17,099; as given above the members of its relief department numbered 15,160.

The dangers incident to railway service are notorious.* The following table gives the record of disablements and deaths during the fiscal year ending in 1894 among the railway employes who are members of relief departments:

AVERAGE MEMBERSHIP, DEATHS AND DISABLEMENTS, RELIEF DEPARTMENTS, DURING FISCAL YEAR ENDING IN 1894.

RELIEF DEPARTMENT.	Average membership during the year.	Disablements Occurring.				Deaths Occurring.			
		Accidents.	Cases of sickness.	Total.	Percentage of members constantly disabled.	By accident.	From natural causes.	Total	Per 1000 members.
P. R. R. . .	32,624	4,731	13,073	17,804	31 ²³ / ₁₀₀	69	304	373	11.5
Penna. Lines, West . . .	11,894	2,197	3,243	5,440	31 ⁸ / ₁₀₀	41	121	162†	14
B. & O. . . .	21,288	3,584	8,022	11,606	31 ³ / ₁₀₀	65	178	243	11.4
Reading . .	14,500	2,467	5,117	7,584	31 ⁷ / ₁₀₀	56	110	166	11.4
Burlington .	11,400	2,773	4,469	7,242	31 ⁷ / ₁₀₀	28	64	92	8.1

* See page 65.

† This is the number of death benefits paid during the year; 164 deaths occurred.

This table is of some value for purposes of comparison. It is, however, limited to one year and must be taken as illustrative instead of being made the basis of deductions. The statistics of deaths occurring indicate the number of death benefits paid, but there is no such correspondence between the number of disablements and the number of disablement benefits. Many cases of accident and sickness reported do not involve the payment of any benefits. For the 3584 accidents reported to the Baltimore and Ohio department there were 2996 cases receiving benefits; sickness benefits were paid on only 3033 cases, in fact not more than fifty per cent of the cases of sickness reported receive benefits, because recovery takes place within the first week, during which time no aid is given. Nevertheless the statistics of each company show the payment of a greater number of benefits than there are disablements reported. This is explained by the fact that more than one payment may be made for a single case of disablement. Other things being equal the sickness benefits paid by the Pennsylvania Railroad Company will be more in number than those paid by other roads, because that corporation begins aiding the sick after only three days of disability. With these limitations kept in mind the table may be consulted to determine the risks carried by the relief departments.

As already stated the funds, out of which the benefits are paid and the departments operated, are derived from the members' contributions, increased and supplemented by grants made by the companies. During the fiscal year ending December 31, 1894, the members of the Pennsylvania Railroad relief department contributed \$611,745.40,* while the companies gave the department \$88,701.47 for operating expenses, \$2007.50 for deficiencies, and \$31,267.60 to members whose disability, due to natural causes, had continued over fifty-two weeks. The companies' total payments

* Including \$6186.64 received as interest on deposits.

were \$121,976.57, or sixteen and one-half per cent of the entire amount contributed by both parties. The Burlington's department, from its establishment, June 1, 1889, to December 31, 1894, received from its members \$1,211,852.08, including interest, and from the associated companies \$285,960.19 for operating expenses, and \$42,532.94 for the discharge of deficiencies. The total contributions of the companies were \$328,493.13, or nineteen per cent of the entire amount received from both contributors. The reports of the Baltimore and Ohio relief work show that company's department to have paid benefits during the fourteen years preceding June 30, 1894, to the amount of \$3,735,880.80. The company gave for operating expenses \$520,464.67, and for pensions \$238,254.30, or a total \$758,718.99. The company's contribution was sixteen and eight-tenths per cent of the total receipts of the department.

It thus appears that the relief departments obtain from one-sixth to one-fifth of their receipts from the railroad companies. Part of this sum goes to relieve the permanently disabled, and is thus of the nature of pensions. This seems a small proportion for the companies to pay toward the several kinds of relief afforded when one considers that the contributions made by foreign railroad companies for the relief, pension, and insurance purposes are one-third or one-half of the total funds. It is, however, to be borne in mind that the railroad companies contribute several valuable services not included in what they give as "operating expenses." American companies also pay higher wages, and by means of them the employes are able generally to secure relief and insurance in labor organization if they choose to do so. It was suggested above that both the companies and the employes might well increase their contributions toward pension and superannuation funds.

The actual aid derived by the members of relief departments during the fiscal year ending in 1894 is shown by the following table. The surgical services received by mem-

bers is not included in the sums indicating benefits received.* Except in the case of the Burlington the payments indicate benefits received for each case of sickness or accident, it is possible for a member who meets with more than one accident or who is permanently disabled, to receive more than one benefit within a year. The figures for the Burlington indicate the average cost of the cases closed during the year. Unless this is kept in mind the table will seem unfair to the Burlington department. The table does not include the superannuation payments made by the Baltimore and Ohio Railroad.

AVERAGE BENEFITS PAID BY RELIEF DEPARTMENTS.
FISCAL YEAR 1893-94.

RELIEF DEPARTMENT.	For Disablement from		For Death from	
	Accident.	Sickness.	Accident.	Sickness.
P. R. R.	\$13 49	\$11 19	\$611 25	\$565 15
Penna. Lines, West	17 00	13 71	621 13	638 84
B. & O.	12 33	15 30	1075 62	589 43
Reading	17 00	14 50	451 00	460 50
Burlington	25 31	31 86	869 57	694 63

The relief work of the Baltimore and Ohio Company's organization has been in progress since 1880. The record of what has been accomplished by the "relief feature" of that company's department during a period of fourteen years may be taken as a fair indication of the results of relief work by such means. This record is as follows:

* Payments to outside physicians from the Pennsylvania Relief Fund are included in the amounts reported as paid for benefits.

**BENEFITS PAID BY B. & O. EMPLOYEES' RELIEF ASSOCIATION AND
THE RELIEF DEPARTMENT FROM MAY 1, 1880,
TO JUNE 30, 1894.**

	Number.	Cost.	Average per Case.
Deaths from accident	959	\$1,011,232 22	\$1,054 46
Deaths from other causes	1,841	821,290 50	446 11
Disabilities from accidental injuries received in discharge of duty	51,430	662,084 81	12 87
Disabilities from sickness and other causes than as above . . .	74,306	1,091,338 57	14 69
Surgical expenses	29,591	149,934 70	5 06
Aggregate	158,127	\$3,735,880 80	\$23 62
Add disbursements for expenses, etc., during same period		520,464 67	
Total disbursements for all purposes		\$4,256,345 47	

The following table shows the amount of relief work done by the relief department of the Pennsylvania Railroad during the nine years of its history:

**RECEIPTS AND DISBURSEMENTS, RELIEF DEPARTMENT, PENNSYLVANIA
RAILROAD FOR THE NINE-YEAR PERIOD ENDING
DECEMBER 31, 1894.**

RECEIPTS.

From members,	\$3,957,242.78
Interest on current balances and surplus, . . .	93,725.30
Contributions of Companies for deficiencies, Company relief and operating expenses, . . .	898,042.94
Total revenue,	\$4,949,011.02

DISBURSEMENTS.

For accidents,	\$722,565.15
For sickness,	1,287,220.48
For deaths from accidents,	420,944.45
For deaths from natural causes,	1,279,214.45
Total payments for benefits,	\$3,709,944.53
Operating expenses,	\$770,380.60
Total disbursements,	\$4,480,325.13

Objections Raised by the Critics of Relief Departments.

The railway employees' relief department has not escaped adverse criticism. The animosities to which the conflicts of labor and capital have given rise would alone account for the opposition of many persons to an institution founded by the railway companies partly for the avowed purpose of helping to harmonize the interests of the employed and employer. Some of those who are solicitous for the welfare and upliftment of railway operatives have thought it best for these laborers to avoid all alliance with their employers. Persons of this mind have regarded the relief department as "a corporation measure, against the best interests of the employe." The more severe of these critics have denounced both the compulsory and voluntary relief departments, claiming that in establishing them the railway company's "first purpose was to retard the growth of labor organizations, and the second to protect itself against suits for damages."*

The fact that the organizations of railway employees provide members with opportunities for insurance makes it necessary for the relief departments associated with railway companies to do their work in a competitive field; they are rivals of other relief and insurance agencies and have to meet their criticism and opposition. This criticism is mainly directed against three features of the relief department's plan of organization.

First, objection is most frequently raised against the relief departments in which membership is made compulsory upon employees by being imposed as a condition of entering the employment of the company with which the relief organization is connected. Mr. E. E. Clark, grand chief conductor of the Order of Railway Conductors of America, is one of the more temperate critics of relief departments. He is not in favor of voluntary relief associations, but is chiefly opposed to those having the com-

* See *Railroad Trainmen's Journal*, March, 1894.

pulsory feature. "When the railroad companies," he says, "establish these associations and make membership therein voluntary on the part of their employes it is purely a business proposition, under which they enter a competitive field, and no one has any right to question their right to do so."

The Reading and the Baltimore and Ohio systems are the only ones which make membership in their relief departments compulsory upon employes. When the Baltimore and Ohio Company first inaugurated its relief department the compulsory feature gave rise to much criticism. The plan of the department, however, in making provision for continuing participation in death benefits after leaving the service of the company took away much of the force of the objection to compulsory membership. The plan of the relief department of the Pennsylvania Railroad, as first proposed, included the compulsory feature and the continuation of death benefits to members after leaving the service; but the employes objected to the compulsory feature, and a voluntary department with benefits limited to the period of service was instituted.*

The Reading Railroad does not allow a member of the relief association to continue payments and maintain a claim upon death benefits after leaving the service, although membership is compulsory. This is a serious defect in the company's plan. There seems to be no injustice in the compulsory feature when death benefits, as by the plan of the Baltimore and Ohio and the Burlington, are not conditioned upon continuation in the service of a particular road. Moreover, there is an advantage, from the point of view of the public, in making membership compulsory, arising from the fact that by this arrangement all permanent employes of the railroad must have passed the physical examination required by the relief department. This would raise the physical attainments and the general proficiency

* See "Remarks on the Relief Plan of the Pennsylvania Railroad," by J. A. Anderson.

of the staff of laborers in whose keeping the safety of the traveling public is constantly entrusted.

Second, the regulations of all of the five relief departments stipulate that the member or his beneficiary may choose whether he will sue the company for damages in case of accident or death, or accept the benefits payable from the relief fund. If he chooses the latter he shall have no further legal claim against the company. This stipulation has often been denounced by the critics of relief departments who charge the railroad companies with establishing these departments in order to shield themselves from their legal liabilities. The accusation has little validity. The companies make substantial contributions to the funds of the relief department, which appropriations may rightly take the place of payments they would otherwise make. The benefits obtained by the employes from membership in relief departments, being an assured sum of considerable amount receivable promptly when most needed, are greater than could be obtained from the railroad companies by virtue of their legal liabilities to pay damages to injured employes or to their heirs. Very many accidents do not, on the face of things, involve a liability on the part of the company. The liability of the company usually has to be proven. The law may guarantee a larger payment, but law suits are uncertain, delays are unavoidable, and the lawyer's fees are heavy. The legal liability makes no provision in case of sickness or death due to natural causes; and disablements and deaths resulting from natural causes largely outnumber those caused by accidents.

Third, another objection raised against relief departments generally is that membership in them is forfeited when the employe leaves the service of the company with which the department is connected. This has been referred to in considering the objections to the compulsory feature. This is a weighty criticism. During the fiscal year of 1893-94, 2896 members of the Pennsylvania Railroad relief depart-

ment left the service of the associated companies. The year previous 5161 members left the service, or fifteen per cent of the average membership. As regards the relief department of the Pennsylvania lines west of Pittsburgh and Erie, 2561 members left the service in 1892-93, and 1741 in 1893-94.

A faithful employe may contribute for a number of years to a fund from which death benefits are obtainable and then, by dismissal from service on account of some one of many reasons which may compel railway companies to reduce their force—by the discharge of good servants as well as poor ones—be obliged to lose all claims upon life insurance payable from that fund. Of course, it is perfectly just that claims for sickness and accident benefits should terminate with service; but in the case of claims upon death benefits it is a different matter. The Baltimore and Ohio department allows members after leaving the service of the company to retain their natural death benefits, and is thus not open to the above criticism. The regulations of the Burlington's department permit a member of one year's standing who has served the company continuously for three years to retain, upon leaving the company's service, "the minimum death benefit which he has held at any time during the last year." Though this provision is restricted by the requirement of three years' continuous service it frees the company of the charge of injustice. The relief departments of the three other companies ought to amend their regulations so as to permit employes to continue claims upon death benefits after leaving the service of the company to whose relief fund they had been contributing. If the adoption of the compulsory feature is necessary in order to make this change, then let that also be incorporated.

These criticisms of railway relief departments have undoubtedly kept several railroad systems from establishing such associations. The replies made by the presidents of the Chicago, Milwaukee and St. Paul; the Michigan Cen-

tral, and the Louisville, New Albany and Chicago to the circular of inquiry, sent out by the Interstate Commerce Commission in 1889, in connection with its investigation into the relations existing between railway corporations and their employes, assert that those three companies had not established relief departments because of the opposition of the employes.* There is, however, little evidence that railway companies have made any very earnest attempt to overcome the objection of their employes, much of which opposition there is reason to believe is due to a misunderstanding of the plan of relief proposed, and of the purposes which may prompt a company in seeking to establish such an institution.

The relief departments now existing seem to find favor with the men in the service of the companies that have established relief organizations. Mr. S. R. Barr, superintendent of the Baltimore and Ohio relief department, says: "The organizations of railway employes do not actively oppose the relief department, nor do I think they have any objection. No objection on the part of any organized body of labor has ever come to my attention since this institution was organized. I have been present at many of the meetings of these organizations and have addressed the men on this subject and have talked with the leaders and have never heard any expressions of opposition at any time; on the contrary, I think that these men, as a rule, favor this institution.†"

Special Advantages of the Railway Department Plan of Relief and Insurance.

The adverse criticisms made by the opponents of the relief department idea, though containing some truth and suggesting at least one amendment, do not disprove the superiority of this over other plans of relief and insurance. The special advantages, from the employe's standpoint, of

* See Third Annual Report Interstate Commerce Commission.

† Quoted from a letter written August 10, 1895.

this method of relief are its comprehensiveness, its cheapness, and its safety.

The comprehensiveness has already been fully indicated. Life insurance is provided in amounts varying from \$250 to \$2500, and relief is guaranteed in case of sickness or accident. The relief assured is definite in amount and promptly obtained. When the proposed pension feature shall have been regularly incorporated in the plan the member of the relief department will have a definite claim upon assistance in all cases in which relief ought to be obtained.

A fruitful discussion of the cheapness of relief and insurance by means of railway departments must take several factors into account. The plan of relief being much more comprehensive than those of other agencies, obviously a comparison of the total assessments of relief departments with the requisitions of rival organizations would have no meaning. The payments made by the members of the railway department are given to secure claims upon three kinds of benefits—sickness, accident, and death benefits. As a prerequisite of any comparison of the costs of relief and insurance in relief departments and in other organizations it is necessary to apportion the total assessments of the relief departments among the three kinds of benefits. According to the experience of the relief department of the Pennsylvania lines west of Pittsburgh and Erie the total payments of a member of the fourth class, *i. e.*, one who contributes thirty-six dollars annually to the department and has a claim upon a death benefit of \$1000, represent a contribution of ten dollars to cover the accident claim, thirteen dollars for sickness claim, and thirteen to cover the expenses of maintaining the death benefit. This member in class four could secure an additional death benefit of \$1000 by paying fourteen dollars and forty cents extra if not over forty-five years of age, and twenty-one dollars and sixty cents extra if over forty-five and not more than sixty years old.

The costs of securing a claim to the death benefits of a relief department are to be compared with the costs of carrying life insurance in some regular stock company or in "the mutual benefit department" of some such labor organization as the orders and brotherhoods in which railway men largely have membership. As compared with the costs of life insurance in companies, such as the Equitable or others similar to it, the cost of mutual insurance, whether in a brotherhood or in a railway relief department, is much less. When one compares the railway relief department with the order or brotherhood as to the relative costs of life insurance, the two institutions are found to make about the same showing. The Order of Railway Conductors, for instance, gives its members, capable of passing the usual physical examination, a chance to insure for sums varying from \$1000 to \$5000, according to age. The average cost for all members per thousand dollars of insurance is fourteen dollars a year. The order also pays the full amount of the life insurance certificate to the member if he suffer the loss of a hand or foot, or the total loss of eyesight or of the sense of hearing. In the Brotherhood of Locomotive Engineers the cost of insurance is greater, as the dangerous character of the engineer's work would lead one to expect. The average expense in 1892-93 for each member insured was sixteen dollars and thirty-three cents per thousand dollars of insurance carried.

Such comparisons might be multiplied, but these two suffice to show that the actual cost of life insurance in the orders and brotherhoods does not materially differ from the costs of securing equal insurance benefits in relief departments. There is good reason why this should be true. In both cases the benefits are afforded at actual cost. The expenses of operating the relief department are paid by the companies, while the costs of administering the mutual department, it is true, have to be borne by assessments on the members insured; but the actual cost of collecting and pay-

ing life insurance is really light. The Order of Railway Conductors paid claims in 1894 aggregating \$388,000 at an expense of only \$8760.74—two and one-fourth per cent of the benefits paid.

The expenses of securing the accident benefits of railway relief departments might well be compared with the costs of obtaining equal assistance from a labor organization or from a stock accident insurance company, were it possible to make such a comparison. This, however, is hardly possible.

The relief department does a much larger work. It has much more complete facilities for affording relief than can be given by any other agency. Having connection with the railway company the departments are more easily able to command the services of surgeons at all points along the railroad's lines. They also have the free use of the railway organization to aid them in giving assistance in individual cases and in perfecting a general system of relief work. These facts are so generally recognized that railroads having no relief department provide surgical treatment, and often establish hospitals for the employes who meet with accidents while on duty. The orders and brotherhoods undertake only to supplement the accident relief afforded by the railroads and provide definite accident benefits only in case of permanent injuries that incapacitate their members for labor. The railway employes belonging to a relief department, whenever disabled by any kind of accident resulting from the performance of some service for their employer, receive free surgical attendance and obtain money benefits of a definite amount during the entire continuance of the disability.

Accident insurance in stock companies is expensive. The operating expenses of such companies are heavy and their profits large. These two items sometimes consume half the receipts from premiums. The operating expenses of relief departments are paid by the railway companies, and the

surplus receipts are all devoted to the payment of benefits to members.

Still less is it possible to make definite comparisons between relief departments and the brotherhoods and orders as regards the cost of sickness benefits. The labor organizations render commendable assistance to their members during sickness, and in ways that are familiar to everybody. They have not undertaken and could hardly attempt to furnish their members with definite money aid during the entire continuance of sickness. The member of the relief department may be considered to receive his wages from two different funds. When well he is paid the major part of his earnings from the funds of the company's paymaster; when he meets with an accident or is taken sick he begins to receive from the funds of the relief department the remaining minor portion of what he has earned plus the contributions of others. The member of the relief department pays a liberal sum for sickness as well as accident relief, but obtains in return greater assistance than can be gotten in any other way.

The substance of these general remarks on the relative cheapness of the relief and insurance to be secured from relief departments is that the costs of life insurance, where comparisons are possible, are about the same in the brotherhoods and in the relief departments. The accident and sickness benefits secured from relief departments are more comprehensive than those to be obtained from either stock companies or from brotherhoods, and they are obtained more cheaply from the departments than from the stock companies. The relief departments render greater assistance than other agencies, and levy assessments to cover the actual benefits paid. These costs are less than those of any other relief system could be because of the connection of the department with the organization of a great railway system.

The third special advantage of the employe's securing insurance and relief from a railway department is the safety of this plan. Mutual insurance is always cheap, but

is not usually considered so safe as insurance in old wealthy stock companies. For this reason, chiefly, the stock company is able to obtain higher premiums. But the relief department connected with a large railway corporation or with several associated companies is a thoroughly safe institution. Great railway properties are hardly destructible; receiverships may come and reorganization proceed slowly or never be realized, but the road will continue to be operated either by the old management or by a new one, and the employes will hold their positions and keep on with their work. Their relief department will live on and will suffer least of all from the misfortunes of the road. Whatever surplus the department may possess will, judging from precedent, have been invested in bonds of the best description.

These are some of the advantages of the relief department accruing directly and solely to the employe. Other advantages are shared by the member with the railroad companies and the public. One result of the establishment of relief associations in which the railway companies and their servants unite for a common purpose is the cultivation of a better relationship between employer and employed. Labor and capital are brought into friendly contact. This is to their mutual benefit and for the good of society. If the relief department contributes something to overcome the bitter feelings, the distrust, hostility, and strife which have so often characterized the relations of corporations and their employes, that fact must argue much in its favor.

The relief departments render the public an important service by raising the standard of efficiency in the railway service. This is especially true when membership in a relief department, and hence the ability to pass the requisite physical examination, is made a condition of admission to permanent service. The regulations of all relief departments stipulate that no benefits shall be paid to any member who meets with an accident because of intoxication, fighting, or disorderly conduct. The beneficial influence

of such a rule as this hardly need be pointed out. What-ever raises the *morale* of railroad laborers is a public blessing. Any criticism against a railway company for refusing to employ any but thoroughly sound and trustworthy men is based on error. The safety of the public and its economic welfare are so vitally dependent upon the railways that the best interests of society demand that the railroad companies' staff of laborers shall consist of the best grade of men obtainable.

Conclusions.

This study of the railway relief department leads to the conclusion that it is an institution of undoubted benefit to the employes, the railway companies, and the public. It is founded upon the true principle that the interests and welfare of labor, capital, and society are common and harmonious, and can be promoted more by co-operation of effort than by antagonism and strife. The institution enables the railway companies to assist more fully in alleviating the suffering which laborers in such a dangerous service must inevitably incur. The public and railroad corporations are alike benefited by the higher standards of efficiency which the relief department has required the railway staff to maintain.

The railway relief department is not an institution that can or ought to take the place of the organizations in which railway employes have membership. The provision of relief and insurance is only one of the purposes of the orders and brotherhoods of railway employes. Were they to turn over this function entirely to the railway relief department, their societies would still perform the chief service for which they were established and would still appeal strongly to the interest and support of railway employes. There is, however, no need of this. There is a work for both to do in providing relief and insurance. The disabled employe needs the nursing and care which his order can give him, and he needs the definite financial aid that relief depart-

ments furnish. In the matter of life insurance the poorer employe will find contributions to the death benefits paid by the relief departments as great a financial burden as he can easily carry; but the employe receiving higher wages will gladly avail himself of the opportunity of increasing his life insurance by joining the mutual benefit department of his order. Should the railway relief departments increase in number and membership some such a division of the field as this would be the natural consequence.

The railway relief department is still a new institution. It has lived long enough to demonstrate its usefulness, although it has not yet been fully worked out. In its future evolution the institution may be relied upon to discover where changes will improve its utility. That it will thus grow and increase its power for good may be expected if its foundation principle is sound and its methods of work have been wisely chosen.

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